

## Message Text

UNCLASSIFIED

PAGE 01 HELSIN 01632 151425 Z

43

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 SS-15 NSC-10 DODE-00 PA-03

USIA-12 PRS-01 STR-08 RSR-01 /149 W  
----- 099545

R 151341 Z JUN 73

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 6318

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USMISSION OECD PARIS

UNCLAS HELSINKI 1632

E. O. 11652: N/ A

TAGS: ETRD, FI

SUBJECT: FINLAND ADOPTS COUNTER- MEASURES TO MEET  
PROBLEM OF TRADE DEFICITS AND INFLATIONARY

PRESSURES.

REF: HELSINKI 1621

BEGIN SUMMARY. BANK OF FINLAND ANNOUNCED LATE JUNE 14  
DECISION TO ADOPT SEVERAL MEASURES TO MEET PROBLEM OF  
TRADE DEFICITS AND INFLATIONARY PRESSURES. EFFECTIVE  
JUNE 15, CASH PAYMENT IS REQUIRED FOR IMPORTS OF  
CONSUMER GOODS AND A DEPOSIT REQUIREMENT WILL BE  
APPLIED TO IMPORTS OF MEDIUM AND LONG- TERM CAPITAL.  
EFFECTIVE JULY 1, BANK OF FINLAND'S DISCOUNT RATE WILL  
BE RAISED FROM 7.75 TO 9.25 PERCENT AND STEPS WILL BE  
TAKEN GRADUALLY TO REDUCE CREDIT QUOTA FOR  
BANKS. CONSERVATIVE UUSI SUOMI COMMENTS THAT ACTIONS  
WILL IMPROVE BALANCE OF ECONOMIC DEVELOPMENT BUT  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 HELSIN 01632 151425 Z

MORE WILL NEED TO BE DONE. END SUMMARY.

1. BANK OF FINLAND'S VERBATIM TEXT OF ANNOUNCEMENT  
RECEIVED BY EMBASSY FOLLOWS:

" THE BOARD OF MANAGEMENT OF THE BANK OF FINLAND  
HAS TODAY DECIDED TO ADOPT A SET OF EXTERNAL AND INTERNAL  
MEASURES AIMED AT DAMPENING  
CYCLICAL FLUCTUATIONS AND  
INFLATIONARY PRESSURES IN THE FINNISH ECONOMY.

THE EXTERNAL MEASURES WILL TAKE EFFECT ON JUNE 15.  
FIRSTLY, A CASH PAYMENTS SYSTEM HAS BEEN INTRODUCED  
MAINLY FOR THE IMPORTATION OF CONSUMER GOODS INCLUDING  
AUTOMOBILES AND COVERING ABOUT ONE QUARTER OF TOTAL  
IMPORTS. UNTIL THIS TIME, THE UTILIZATION OF IMPORT  
CREDITS UP TO SIX MONTHS WAS NOT SUBJECT TO AUTHORIZATION.  
FURTHERMORE, A SYSTEM HAS BEEN INTRODUCED UNDER WHICH

IMPORTS OF MEDIUM- TERM AND LONG- TERM CAPITAL WILL BE  
SUBJECTED TO A DEPOSIT REQUIREMENT WHERE THE BORROWER  
DEPOSITS FOR A LIMITED PERIOD PART OF THE INCOMING  
PROCEEDS OF THE CREDIT ON AN INTEREST- BEARING ACCOUNT  
WITH THE BANK OF FINLAND. THE PROPORTION TO BE DEPOSITED  
IS TO BE AGREED UPON CASE BY CASE. THE FUNDS  
DEPOSITED WILL BE GRADUALLY RELEASED WITH THE EASING  
OF CYCLICAL AND INFLATIONARY PRESSURES.

ON THE INTERNATIONAL  
SIDE, IT HAS BEEN DECIDED TO  
RAISE THE DISCOUNT RATE BY ONE AND ONE- HALF PERCENTAGE  
POINTS, FROM 7 3/4 PERCENT TO 9 1/4 PERCENT, EFFECTIVE  
JULY 1, 1973. FURTHERMORE, THE BANK OF FINLAND INTENDS  
TO REDUCE THE REDISCOUNTING QUOTAS OF THE BANKS. THIS  
MEASURE WILL BE IMPLEMENTED GRADUALLY, BEGINNING IN  
THE FALL."

2. THE CONSERVATIVE PRESS UUSI SUOMI COMMENTED THAT THESE  
STEPS UNDOUBTEDLY WILL IMPROVE THE BALANCE OF ECONOMIC

DEVELOPMENT BUT THAT IT WOULD BE UNFOUNDED TO BELIEVE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 HELSIN 01632 151425 Z

THESE ACTIONS ALONE WILL BRING FINLAND CLOSER TO ITS  
ECONOMIC POLICY GOALS. REFERENCE IS MADE TO PRIVATE  
CITIZENS AND FACT ABOVE MEASURES DO NOT MEET THEIR NEEDS.

NEARLY ALL OTHER PRESS SOURCES ADMIT TO NEED FOR ACTION  
BUT CRITICIZED EITHER LATENESS OR THEIR INADEQUACY IN  
CORRECTING BALANCE OF PAYMENTS AND INFLATION PROBLEM.

BUSINESS AND FINANCIAL LEADERS GAVE SUPPORT TO BANK'S  
ACTION WHILE LABOR LEADERS INDICATED THEIR FEAR THAT  
INFLATION AND IMPACT ON WORKERS ARE NOT MET. CASH  
DEPOSIT SYSTEM FOR IMPORTS OF CAPITAL WILL HIT CAR  
IMPORTERS WHILE HIGHER INTEREST RATES WILL AFFECT CAPITAL-  
DEPENDENT FIRMS SUCH AS WARTSILA. IN GENERAL, INVESTMENT  
ACTIVITIES MAY BE INHIBITED SOMEWHAT BUT BANK EXCEPTIONS  
MAY BE POSSIBLE FOR KEY INDUSTRIES AND THUS AVOID TOO  
SERIOUS IMPACT ON IMPORTS OF NEEDED CAPITAL GOODS.  
FISCAL MEASURES, WHICH ARE ALSO NECESSARY, PROBABLY WILL  
BE TAKEN IN THE FALL.  
KREHBIEL

UNCLASSIFIED

NNNNMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* UNCLASSIFIED

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 JUN 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973HELSIN01632  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
**Film Number:** n/a  
**From:** HELSINKI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730620/aaaajbjj.tel  
**Line Count:** 132  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 73 HELSINKI 1621  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** kellerpr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07-Jan-2002 by kellerpr>; APPROVED <08-Jan-2002 by kellerpr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> gwr 980209  
**Subject:** FINLAND ADOPTS COUNTER- MEASURES TO MEET PROBLEM OF TRADE DEFICITS AND INFLATIONARY  
**TAGS:** ETRD, FI  
**To:** COPENHAGEN  
EUR  
OECD PARIS  
OSLO  
SECSTATE WASHDC  
STOCKHOLM  
**Type:** TE

**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005